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20 May 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

no Soviet leadership: Soviet ambassadors to East Germany, Iran, and India have been members of a group in opposition to Khrushchev, [redacted]

This group, known as the "new orientation," favors moving more slowly and rationally in making changes in industry and agriculture and desires improvement of relations with the West, particularly the United States. While some members of this faction may still be in Moscow, [redacted]

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[redacted] they have no rallying point and that there is no individual with sufficient strength seriously to challenge Khrushchev.

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II. ASIA-AFRICA

no *Lebanon: The army maintains control in Beirut and has apparently re-established control in Tripoli after heavy fighting. The situation in the countryside remains unclear. The northern and eastern borders continue "wide open," with arms and men from Syria moving freely into Lebanon. The attitude of the opposition leaders appears to be hardening. UAR activity in support of the opposition makes it more difficult for the government to reassert its authority. [redacted]

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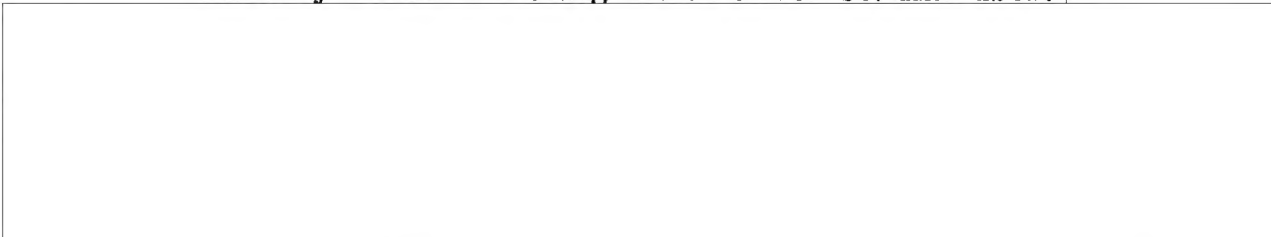
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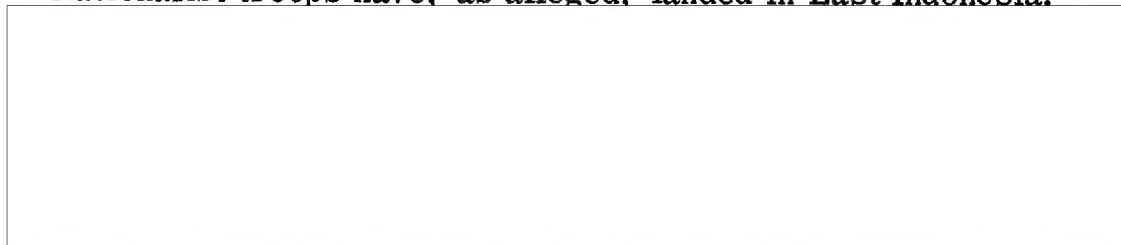
Fuel shortages in Jordan and Syria: A serious fuel shortage has developed in Jordan as a result of the stopping of supplies which are normally trucked in from Lebanon. While substitute sources are being sought in Iraq, Jordanian military stocks are being drawn on for civilian uses.

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*No*

*Indonesia: The government's attack on Gorontalo, at first reported to involve one company, apparently is being expanded. An invasion force of seven boats was landing central government troops in the Gorontalo area of North Celebes on 19 May. A government gunboat shelled the area that morning. A Djakarta spokesman on 19 May said Peiping, which last week hinted it would send military aid if foreign "intervention" continued, now has offered "thousands of volunteers." The spokesman said Indonesia would have no alternative to acceptance if Chinese Nationalist troops have, as alleged, landed in East Indonesia.

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yes

Ceylon: Prime Minister Bandaranaike estimates that he needs up to \$50,000,000 in foreign aid for economic development to halt the decline of popular support and to prevent the government's falling into "more extreme" hands. He is about

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to request help formally from the United States, and probably Canada. Bandaranaike must present his third and most critical budget in July. [redacted]

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yes
Algeria: The American consul general in Algiers believes the movement in Algeria now has become "irreversible." The military and civilian leaders will be encouraged in their efforts to bring about a change in the Paris regime as a result of General de Gaulle's 19 May declaration of intentions. [redacted]

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no
*Tunisia: The loyalty to Paris of the 22,000 French forces in Tunisia now appears in doubt. A growing number of French officers there are reported ready to declare their open support of the Algiers committee. Their commander, General Gambiez, is still loyal to the French Government, but his troops may soon demand that he lead them to join their comrades in Algeria. The troops are becoming increasingly restive under tightening Tunisian restrictions. [redacted]

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III. THE WEST

[redacted] *France: General de Gaulle's support of the army's take-over in Algeria will probably bolster the influence of extremist elements on the military in France. [redacted]

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[redacted] army detachments around Paris will move to install De Gaulle on 20 May, but there is no direct supporting evidence beyond the general precariousness of army loyalties in France. A wide range of political and official opinion in Paris is deeply concerned that Pflimlin's regime may be short-lived, with no alternative to De Gaulle when it falls. [redacted]

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***Britain - Iceland:** The British cabinet has decided to provide "effective protection" to British trawlers beyond the de facto four-mile limit if Iceland declares 12-mile territorial limits with exclusive fishing rights, but hopes Reykjavik will propose a more moderate declaration. Iceland now intends to outline to NATO a 12-mile "conservation limit" within which foreign vessels would temporarily have limited rights. Communist ministers insist on unqualified 12-mile territorial waters and threaten to leave the coalition cabinet on 20 May if the more conciliatory proposal is made to NATO.

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Venezuela: As a result of dissension among top-ranking government officials, extensive changes are taking place in the government, and the possibility of a military take-over--without changing the form of the present regime--has increased. The junta president is apparently unwilling to crack down on the Venezuelan Communist party despite continuing pressure to do so

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I. THE COMMUNIST BLOC

Khrushchev's Political Problems

Khrushchev now faces problems which would be serious enough to cause his downfall if opposition elements were able to agree on a successor and to combine their varying policies, [REDACTED]

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[REDACTED] Suslov is not a serious contender nor is there anyone else on the scene at present strong enough to challenge him.

[REDACTED] Khrushchev's leadership has faced opposition during the past three or four years from a group characterized as "the new orientation," whose adherents desire to move more slowly and rationally in making changes in Soviet industry and agriculture, and favor improvement of relations with the West, particularly the United States. Cited as members of the group are M. G. Pervukhin, N. M. Pegov, and P. K. Ponomarenko, all of whom are said to have received their present positions as ambassadors to East Germany, Iran, and India respectively in order to remove them from Moscow. This group during the past three or four years has undertaken a series of temporary alliances with such older leaders as Molotov.

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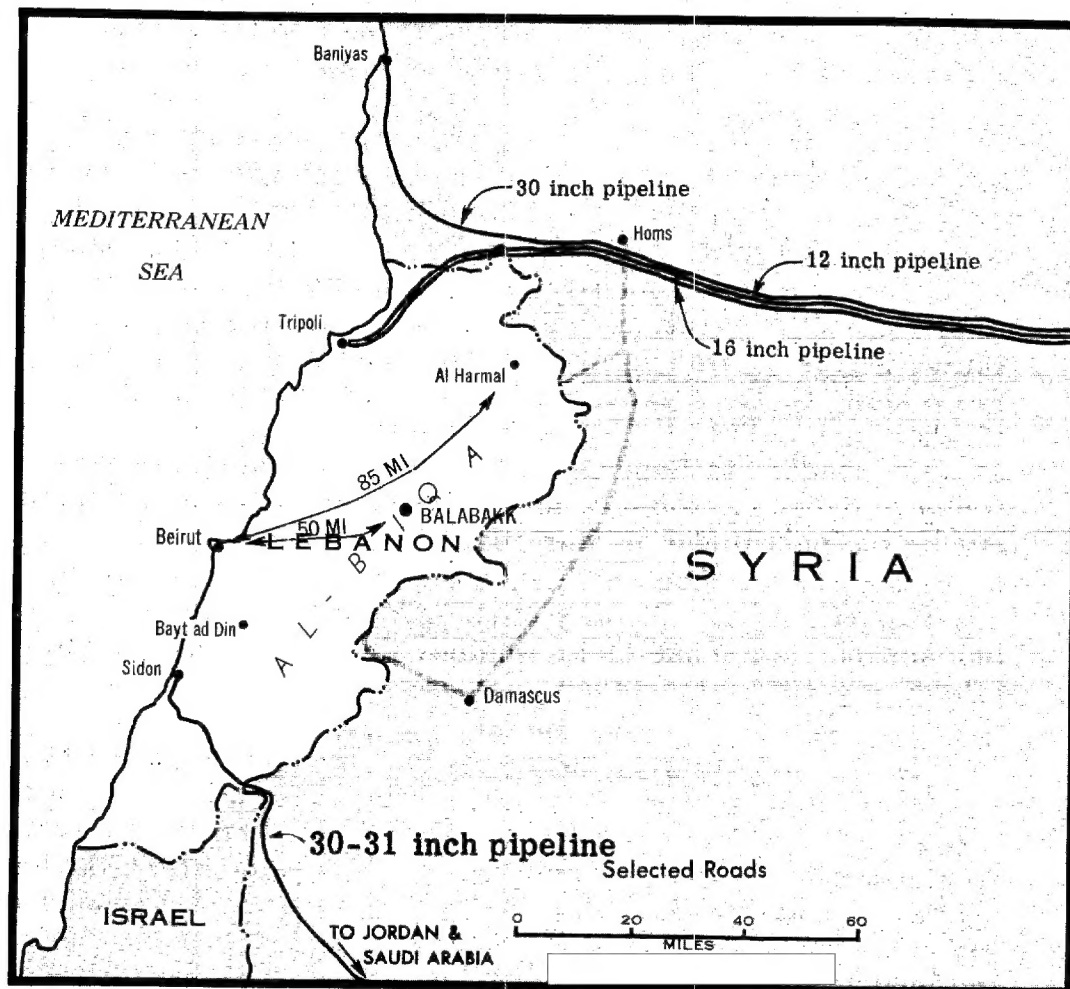
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[REDACTED] Khrushchev has been subjected to much criticism for his liquidation of the machine tractor stations. [REDACTED] the central committee plenum of 6-7 May, in its discussion of the Soviet chemical industry, raised issues embarrassing to Khrushchev, who insisted on a vote of confidence on the entire matter of the industrial reorganization.

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II. ASIA-AFRICA

Lebanese Situation

Terroristic bombings persist in Beirut, but the general security situation there is quieter. In Tripoli, army forces have continued their assault on rebel positions in the Moslem quarter, using heavy weapons to reduce pockets of resistance which resumed activity following a truce to bury the dead; mopping-up operations were being carried out on 19 May. The situation around Bayt ad-Din, 20 miles southeast of Beirut, is considered critical. Druze forces, supported by Syrian infiltrators, have succeeded in stalemating government forces there. Government troops are still hoping to keep the dissident Druze from joining with opposition elements in the Biqa valley. In the northern Biqa, Shia Moslem tribes are reported assembling for an attack on Balabakk. In the rest of the countryside, the situation remains fluid, with the northern and eastern borders "wide open."

Opposition leaders appear to be hardening in their attitude toward President Chamoun and freely admit their partisans are obtaining arms from Syria. They have declared again that Chamoun must step down from the presidency. Army commander General Shihab has stated that a political formula under which Chamoun will guarantee not to change the constitution and try for a second term is "absolutely essential"; otherwise the political crisis will continue. Shihab, while seeking to suppress the insurrection, is unwilling to obtain a "victory" for Chamoun.

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Ceylon to Request \$50,000,000 in Economic Aid

Prime Minister Bandaranaike's presentation to the American ambassador on 16 May of Ceylon's request for \$50,000,000 in aid from the United States, and probably Canada, illustrates his fear that political and economic conditions in Ceylon constitute a serious threat to his government.

Bandaranaike's government has failed to produce any over-all economic development plan during two years in office. The prime minister apparently is aware of the crucial nature of the budget to be presented in July, which must include sufficient development-plan funds to achieve results in the three years before the next elections. The government's ability to complete successful development programs in that time is doubtful.

The government has been plagued for over six months by virtually continuous strikes, which have resulted in serious losses of trade and revenue and have contributed to a decline in popular support for the government. The firing of some 29,000 Communist-led strikers on 19 May has created the possibility of violent retaliation by the idle workers and will probably increase pressure on the government.

The prime minister said he had resisted suggestions to approach the Soviet bloc for aid to avoid being obligated to "extreme elements," and also stated that nationalization of foreign-owned estates, only recently endorsed in a parliamentary resolution, would not be considered for at least five years. There is no assurance, however, that Bandaranaike either intends or will be able to adhere to this stand in the face of economic and political pressures.

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Situation in Algeria

De Gaulle's 19 May press conference, virtually endorsing the recent actions of military and rightist civilian leaders in Algeria, appears to have encouraged those elements to intensify their pressure for a change of regime in Paris. Exuberant new demonstrations, highlighted by renewed demands that Premier Pflimlin make way for De Gaulle, swept Algiers when National Assembly deputy and former Governor General of Algeria Jacques Soustelle told a wildly cheering crowd that the position taken by De Gaulle showed his "heart is with us."

Soustelle has assumed the role of principal spokesman and rabble rouser for the elements now in control of Algeria, but so far has been assigned no formal role other than "technical and political adviser" to General Salan, whose titular authority is still recognized. The ambitious Soustelle is already reported to have clashed with Salan, and he may assume more open authority if the extremists' continuing doubts cause them to remove Salan.

Meanwhile, General Massu's Algiers committee of public safety has been further expanded to 38 members, and a 24-member all-Algeria committee--reportedly including both Massu and France's top air force commander in Algeria--has been formally established. On 19 May a spokesman said that the new committee is "certainly not a government," and Soustelle has specifically disclaimed any desire to see a "rupture" between France and Algeria. He is quoted as adding, however, that "events" would have to be judged "as they happen." A strong protest by the Algiers committee over measures taken by the Pflimlin government against "patriots" in France appeared to move the committee a step closer to a final break with the present Paris regime.

As a corollary to strenuous efforts by the French leaders in Algiers to provide evidence of widespread Moslem support for the "new Algeria," General Salan, in his most dramatic initiative to date, has apparently offered the Moslem rebels of the National Liberation Front a "pardon" if they will lay down their arms. This gambit, however, is unlikely to have much effect.

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Attitude of French Forces in Tunisia

The loyalty to the French Government of the 22,000 French forces confined to their Tunisian bases since 8 February is now in doubt. A growing number of French officers there are reported ready to declare their open support for the Algiers committee, and their commander, General Gambiez, although still loyal to Paris, may be faced within a few days with a demand from his troops to join those in Algeria.

Gambiez has informed Paris that Tunisian authorities have tightened restrictions on the French troops, are interfering with liaison efforts, and are making provisioning of his forces difficult. His personnel chief told an American official that the troops were increasingly restive over being locked in their barracks and that "events of the next few days" will have an important effect on their attitude toward the Pflimlin government and the Algiers committee. This restiveness may lead to new incidents similar to the reported seizure on 18 May by French forces at Remada in remote southern Tunisia of six Tunisian soldiers, who were later released.

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Tunisian and Moroccan authorities, as well as the Algerian rebel leaders, anticipate the possibility of assaults on Algerian positions in Tunisia and Morocco, and are reported to have promised all possible military assistance to the rebels in such an eventuality. The penetration of the Tunisian border on 18 May by several French armored vehicles from Algeria, which withdrew when confronted with a Tunisian roadblock, may have been an effort to probe rebel positions. The Moroccans and Tunisians may be advising the rebels to withhold action for the time being and to take such precautionary measures as the reported evacuation of rebel installations along the Tunisian-Algerian border.

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Situation in France

Strains on the loyalty of the French military in Paris will probably be deepened as a result of General de Gaulle's endorsement of the army's take-over in Algeria, [REDACTED]

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[REDACTED] the confidence of the general's followers has increased, and there are signs of a growing pessimism in official and public circles.

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[REDACTED] a spokesman for the general, asserting that his return to power is a "certainty," claims that 80 percent of the military already supports him. This view is shared by many middle-of-the-road and left-wing journalists.

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Prefects in the provinces, however, report little support for De Gaulle, and the lack of any early major public response to his statement seems to underscore the generally apathetic attitude up to now of the average Frenchman. This attitude may make it difficult to arouse any concerted mass leftist action against his assumption of powers. A Socialist party spokesman who is himself strongly anti-Gaullist reports that his party is not hopeful that De Gaulle can be stopped.

The 20 May National Assembly vote on special powers for Algeria should indicate the general's present stock among the deputies, since Premier Pflimlin is said to have threatened to resign if the government does not get a clear majority without the Communists. Even if Pflimlin survives this vote, it may be only a reprieve. At least some deputies among the Radical Socialists and the Democratic Resistance Union are believed to be resigned to voting for the general eventually if he would keep some parliamentary leaders in his government as a guarantee against "violation" of the constitution.

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British-Icelandic Fisheries Dispute

Britain has decided on vigorous action to oppose any unilateral extension of Iceland's territorial waters to a 12-mile limit.

Iceland is presenting a draft declaration to the North Atlantic Council as a conciliatory gesture toward Britain and other NATO allies. London hopes the Icelandic proposal will be moderate and leave the way open for compromise. The British cabinet, however, decided on 15 May to provide "effective protection" to British trawlers operating beyond the present de facto four-mile limit if Iceland tries to exercise exclusive fishing rights. British trawlers will continue to operate in the disputed area, and the possibility of a clash cannot be ruled out.

The Macmillan government is highly sensitive to pressure from British fishing interests, which normally support the Conservative party. An Icelandic declaration sufficiently general in tone to be taken as constituting recognition of British fishing interests and allowing for extended negotiation would probably satisfy London. In the meantime, Britain supports a Danish idea of calling a conference of NATO powers with extensive North Atlantic fishing interests.

The Icelandic Foreign Ministry indicated on 18 May that it would propose an extension of "fish conservation limits" to 12 miles, with straightened base lines, leaving territorial limits unchanged. The proposal would permit foreign vessels for the next three years to fish in the outer six-mile zone. Communists in the Icelandic cabinet continue to demand an unqualified 12-mile limit and threaten to resign on 20 May if the proposal is made to NATO. This would precipitate new elections.

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Increasing Dissension Among Venezuelan Officials

Growing dissension among Venezuelan officials, which led to the resignation of two junta members on 18 May, is increasing the possibility of a radical change of government.

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On 19 May, according to press reports, the powerful central labor federation, which appears linked to Democratic Action and is probably supporting Larrazabal, declared a state of emergency and asked all unions to be ready to begin a general strike if "the crisis develops unfavorably."

Castro and Perez Morales probably have support from the majority of the armed forces but may seek to bring about changes in junta policy or unpublicized changes in the power structure of the junta itself to avoid a clash with the civilian populace, which appears to side with Larrazabal.

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